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HERVE NOTES NEED FOR ENERGY CONSERVATION PRIORITIES

Paris LE NOUVEL ECONOMISTE in French 28 Sep 81 p 44

[Article by Olivier Drouin]

[Text] A massive energy conservation effort, a return to coal and semi-maintenance of nuclear power's share: These are the major lines of the report prepared under the auspices of Minister of Energy Edmond Herve, by Mr. Jean-Pierre Hugon, chief engineer of the mines. Along with the one prepared by the study group presided over by the doyen Maurice Bourjol (which deals with the institutional and procedural aspects), this report serves as the basis for the work of the government, which will define its energy policy on 30 September before submitting it to Parliament for discussion at the beginning of October.

Starting with requirements and proceding to a sector by sector analysis, the Hugon report estimates total French consumption in 1990 as equal to 206 million tons of oil in the case of a weak growth forecast (2.5 percent per year) and 232 tons of oil for a strong growth (not very likely) forecast (5 percent from 1981 to 1990). In comparison, the Eight Plan is based on the equivalent of 242 million tons of oil consumed in 1990, with a growth rate of 3.5 percent. This difference explains why energy conservation, as can be imagined, constitutes the keystone of the Socialist energy policy.

"The energy policy must give absolute priority to rational usage and to controlling consumption," writes Mr. Hugon. "We must launch a collective, massive, resolute and persevering effort." This effort is aimed at saving the equivalent of between 33.7 and 38.2 million tons of oil in 1990 (according to growth scenarios), with the residential and tertiary sector making up the major share. To attain this, the Hugon report estimates that huge investments will have to be made: Between 36 and 50 billion francs each year (while only 11.5 billion overall were invested in 1980 in energy conservation), with 20 to 27.5 billion of it for housing and services. It would therefore be necessary to make the same effort for energy conservation in the 1980's as was devoted in the 1970's to nuclear power. With an advantage: Energy conservation creates many more jobs (236,000 to 330,000 jobs if the enormous financial effort is achieved). And a disadvantage: The decisions, contrary to those made on nuclear power, are the achievement of millions of individuals. "The difficulties which await us are considerable, and concrete results will have to be hard won," recognizes the Hugon report, which proposes an entire battery of measures (100 percent removal from their framework of credits for energy conservation, creation of a national energy conservation bank to mobilize savings, discounted rates, tax incentives, new housing regulations, development of decentralized structures, etc.). Meanwhile, the Agency for Energy Conservation's budget will be increased (1 billion francs in 1982, compared to 660 million francs in 1981).

The second priority is coal. Overall, coal's share in 1990 would not be appreciably different (15 to 17 percent as compared to the 11 or 14 percent estimated by Mr. Giraud). But the percentage of national coal, which cannot yet be calculated, would be much larger. The objective: To first stabilize French production--public assistance to coal mining should be increased by 30 percent in 1982--then to prepare the foundations for new development by giving new impetus to prospecting and by defining a multiannual investment program, for production and for development of applications.

The nuclear power percentage should not vary much: 27 to 28 percent of the energy budget in 1990, as compared to the 30 percent estimated in the Eight Plan. The difference depends on three or four power plants, out of more than 40. The Hugon report indicates that "by limiting ourselves to nuclear plants not affected by the freeze, the power available in 1990 will be sufficient to satisfy consumption of electricity." But, in order to prepare for post-1990 (considering the long construction periods) and to avoid "quashing" industry, it foresees pursuing the electronuclear program until 1982.

Can we both spur coal mining and maintain nuclear power while we are also launching a vigorous energy conservation policy? This is the big question raised by the Hugon report and the one which the televised confused and biased round table discussion on Channel 2 Sunday evening carefully avoided. The obstacles are not only financial. In the production of electricity, an increase in the use of coal conflicts with the use of nuclear power. The French Electric Company is the largest user of coal, but it is buying less and less: The budget estimates tht the coal consumption of power plants will fall from 26 to 14 million tons in 1990. Who will consume the coal? Industry and heating systems will not suffice. The Hugon report recommends the construction of coal-fired power plants (3 every 2 years), but implicitly refers to the possibility of an oversupply of electric power plants in 1990, agreed to in the name of flexibility and of the risk of new world tensions.

9693
CSO: 3100/11

IRI DOCUMENT ON ENERGY CONSERVATION POLICY

Rome POLITICA ED ECONOMIA in Italian Sep 81 pp 69-70

[Article: "A Policy of Energy Conservation"]

[Text] We are publishing as a matter of public interest the following document from the study bureau of the IRI [Industrial Reconstruction Institute].

1

In terms of energy consumption and, therefore, conservation, the IRI group is characterized by:

(A) its size as an energy consumer. It accounts for a little under 8 percent of the national total and draws massively on all the main energy sources: fuel oil, kerosene, natural gas, coal and electricity;

(B) the coexistence within it of a large range of manufacturing and tertiary industries. Some of these use a lot of energy (steel, cement, air and sea transport); others use a relatively modest amount (mechanics, electronics, shipbuilding, telecommunications, etc.);

(C) its importance in planning and producing plants intended to generate and transform energy as well as mechanisms for that purpose, especially those of a mechanical and electronic nature). Thus, the group contributes to the progress of energy technology and to the modernization of a range of products and production processes, which may be expected to reduce the unit consumption of energy and to make use of alternative energy sources in place of those that have become rare or that this country needs to import heavily.

It is thus immediately obvious that the group is directly involved and interested in energy sources and use, and in energy conservation.

2

Taken all together, the IRI group consumed 11.2 million ETP [energy in equivalent tons of petroleum] in 1978. (The figures for 1980 are still being processed but do not appear to show any basic shift in the trend.) The cost was 1,034 billion lire. As for the various sources, coal, which is used essentially in steelmaking, accounts for

46 percent of the group's consumption in terms of ETP. Thus, in 1978, the IRI group accounted for about 70 percent of the national demand for combustible solids.

Petroleum products accounted for about 47 percent of the group's consumption (31 percent liquid products, 16 percent natural gas). This comes to about 4 percent of the corresponding national consumption.

As for electricity, the quota used comes to 5.334 gigawatt hours, which is a little more than 4 percent of the power utility's general production. But it should be remembered that the steel sector is also a large self-producer (4.347 gigawatts in 1978). In general, then, the group used a little less than 6 percent of all the electricity generated in Italy in 1978.

Comparing 1978 to 1973, which was the last year not affected by the energy crisis, it appears that the group has shown a quantitative structural change generally comparable in trend to that of the Italian and European economic system: a drop in liquid petroleum products (down 18 percent) throughout the group and particularly marked absolutely and percentagewise in shipping, the result of alterations in the fleet; increased consumption of natural gas (up 6.4 percent) due to an unchanged rate of use in steelmaking and to increased use among other manufacturers; a notable increase in energy use (up 16.7 percent); and a slight drop in coal (down 4.5 percent).

In the 5-year period under discussion, the group as a whole has shown a decrease in its general energy resource needs of about 6 percent. Considering that in the same period the group's value in constant prices increased 17 percent, it can be estimated that the unit consumption of energy in the IRI group decreased about 23 percent.

3

The appreciable decrease noted partly reflects a change in the nature of the group's assets. In this period, the manufacturing sector showed a slight proportional decrease; service industries showed a corresponding increase. In the production industries, machines, electronics and construction showed a much lower unit consumption of energy than steel and cement. In the service sector, it should be noted that the low value increases registered by air and sea transportation correspond to a consistent increase in that of telecommunications, which uses relatively little energy. Besides, in the case of maritime transportation, we have already noted that the fleet is being modified, the shift being from passengers to cargo.

4

Having said all this, it is also certain that the reduction in the total amount of energy used in addition to a real increase in output is the result of business initiatives aimed at containing costs that have become increasingly acute. Suffice it to say that the general costs that the group had to pay for its energy needs rose from 302 billion lire in 1973 to 1.034 trillion lire in 1978. The percentage of these costs relative to the group's added value in the 5-year period thus jumped from 9.1 percent to 12.3 percent, although unit consumption did, as mentioned, drop about 23 percent.

The following gives a quick summary of the most significant results achieved and of the action being taken in energy conservation in the main sectors of the IRI group.

Steelmaking is a great energy consumer. It accounts for 5 percent of total national consumption and almost 20 percent of energy for industrial use (as of 1978). These high proportions make specific energy conservation measures an important element in selecting production processes. It is well to remember that full-cycle industrial expansion of the IRI group since the postwar era has changed of itself to make the entire sector more balanced on a national scale, especially as far as energy use goes.

In all the group's plants between 1953 and 1978, the consumption of coal per ton of steel produced dropped by something like 38 percent, which is something of an international record.

The effort to make further energy savings has continued in recent years, although it has naturally been affected by the fact that plants have largely been renovated or recently built. The reduction in specific consumption for the entire IRI steel sector was 10.4 percent between 1973 and 1978. By 1984, discounting an increase in IRI group production of 18 million metric tons of steel, a further improvement of 6 percent over 1978 in unit energy consumption is projected.

Also in this field, the group can count on its own tested capacity for research and development. Of work in progress, it is worthwhile to mention the project for using non-cokable energy coal to produce coke by new production processes.

In the group's cement industry, the very composition of the raw materials used, including notably slag from blast furnaces, has always made it possible to use less energy than other producers. The substitution of coal for fuel oil is also interesting from the environmental point of view, because the coal cinders would thus be included in the production process; this is helped by the existence of an adequate external infrastructure.

In the other manufacturing sectors of the group, which use markedly less energy than the foregoing, the action taken to date has been relatively minor, but it has given rise to a series of interesting initiatives.

As for the mechanical sector, the relatively steady composition of production between 1973 and 1978 makes all the more significant the action taken to reduce total energy used by 8 percent and at the same time increase the value added by 3 percent at constant prices.

Some specific projects already identified have been completed, including techniques to recover waste heat, the use of renewable energy sources such as sun and wind (obviously with the hope of extending applications to a much wider area), and the use of total-energy (i.e. for electricity and heat) electrodiesel groupings.

Already in progress or projected by IRI group manufacturers is the application of electricity-steam cogeneration systems and solar systems for producing hot water and air conditioning.

In the service industries, air and sea transport reduced their energy consumption 26-29 percent since 1973:

Alitalia, in tons of kerosene per ton-kilometers: 1.043 (1973), 0.769 (1978).
Finmare [Shipping Finance Corporation], in tons of fuel oil per nautical mile: 159 (1973), 112 (1978).

In the case of Alitalia, the causes of conservation are modernization, a change in the composition of the air fleet, and technical operational measures introduced since the oil crisis, particularly better planning, reducing the time in which engines run while the planes are on the ground, and the altitude and cruising speed of some types of aircraft.

For Finmare, the results may be ascribed especially to recent construction and the altered composition of the fleet from passenger ships to cargo, with a speed reduction on the order of 10 miles per hour. Also contributing are such actions as more frequent careening of vessels and improved combustion efficiency due to more frequent maintenance.

Even in telecommunications, which uses a rather modest amount of energy in absolute terms, steps have been taken to conserve heat (as, for example, in reducing temperatures in unoccupied buildings by automated controls and insulating) and electricity (reduced lighting). Solar energy is also being brought into use for heating and cooling offices and telephone switching equipment. In Cagliari, for example, the new telephone exchange will have a complete, winter-summer climate-control system using solar panels; it will make possible a savings of 400,000 kilowatt hours a year.

Also noteworthy is the action being taken to moderate energy consumption in the large SIP [Italian Telephone Company] motor pool. There are plans to introduce electric vehicles, which will recharge their batteries at night, and vehicles that run on a mixture of benzine and alcohol (Alfa Romeo and Ansaldo have been involved at the planning level).

It does not seem out of place here to ask what the group can contribute to the national economy by way of reducing specific energy consumption and, more generally, to limit the use of non-renewable energy sources, especially petroleum. Most certainly the group's manufacturing and technical plant is the greatest national concentration of energy users, whether the energy comes from traditional sources or from nuclear and renewable sources.

A study group for this purpose has been established in Genoa (CESEN, the Energy Studies Center) and a unified organization on plant capacity to convert to alternative energy sources and to conserve energy (ECO, the Integrative Energy Board of AMN [Ansaldo Nuclear Machinery]).

Of international importance are the group's achievements in the solar field: among the most significant are Adrano power plant (1 megawatt), built by the EEC; the concentrator solar plant, for Australia; and one built for the International Energy Agency in Almeria, Spain. Ansaldo has also developed and produced a line of photoelectric cells.

In the field of conservation, we should mention the construction of the Brescia cogeneration plant and the diesel-powered plant for the combined production of energy and heat in Reggio Emilia.

The consistent and diversified presence of the group in the field of electronics makes it indirectly an invaluable instrument in energy conservation policy. In particular, the group has developed high technological and planning capacity in the field of automation and control of remote management and remote control processes and techniques, which, as has been noted, are essential for optimizing the amount of energy produced per unit of fuel in electric plants and in electricity-heat cogeneration plants.

Also important is the components field; suffice it to mention the application of microprocessors in automobiles and the resulting efficiency improvements. Both SGS-ATES [expansions unknown] and Alfa Romeo have been working on this.

7

Heating needs presently account for about 25 percent of national energy use. This percentage is rather high and is due in part to waste and inefficient plant use; it is also due to a certain lack of foresight in the choice of construction materials used in residential construction.

Some time ago, however, the Italstat group launched a two-pronged research program:

(1) to assist planners, on the basis of appropriate studies, to optimize heating comfort with the least energy consumption by eliminating the waste of traditional fuels;
(2) to study the applicability of alternative energy sources to residential construction, with particular reference to solar energy (solar panels and "passive" designs).

Also possible in the short and middle term are applications to the group's own programs, beginning with residential construction in collaboration with Fiat and the cooperatives on the basis of agreements recently reached.

8

It is appropriate at this point to report, albeit briefly, on conservation efforts in the general context of energy as it affects this country and, in more ways than one, the activities of the IRI group. We shall especially consider directions taken in successive government documents in the area of national energy planning.

The evolution that is forecast is worrisome because of the rigidity and fragility that characterize our present social and economic system. They are due to the high degree of dependency on oil to produce electricity; this dependency is without equal in any other industrialized country. Italy already accounts for a third of European oil consumption for electrical production, and it will probably account for more than half in 1985.

The thoroughgoing modifications planned in the energy supply structure are therefore decisive, though implementing them will be a complex matter. These modifications are being planned primarily by ENEL [National Electric Power Agency] for the second half of the next decade: the decision is to resort increasingly to coal and nuclear power.

In this context, it is apparent that an adequate solution to the problem of siting electric power plants cannot be put off any longer, whether these plants be conventional or nuclear. It is also necessary to define clearly how much the energy sources can supply. Specific experience that has been acquired should be put into effect, as Finsider [Iron and Steel Finance Corporation] has done in the area of coal. The same goes for infrastructures for stockpiling and transporting coal.

Energy conservation can play an important role in easing the consequences of developing energy supplies. Quite obviously, the steps taken by industry will be decisive: this sector accounts for more than 2/5 of energy end use.

Yet it must be considered that in recent years industry has made notable efforts at conservation, as has been mentioned, in a response to rising prices. But these results have been obtained mostly by enhancing the efficiency and output of present systems and mechanisms that use energy; this action has so far required relatively limited capital investment. It must be remembered that in the future any further progress necessary will involve increasingly high rates of investment.

Energy conservation, like, for example, environmental protection and sustained technological innovation, are among today's pressing problems, which also include international relations, social requirements that have become inescapable, the necessity to protect this country's competitiveness and prevent its decline in the international division of labor.

These are demands that the market cannot optimally meet, especially because they conflict with one another and thus require political ordering of priorities and the means necessary to make them compatible with the survival and growth of business; these options must avoid discrimination likely to distort competition.

Also, it is hoped that whatever technical contribution political authorities may need for energy conservation will be forthcoming on an equal basis from all qualified organizations.

In this context, IRI is naturally ready to make available the experience of a group that is both a large energy consumer and a producer of apparatus and systems in all domains of energy.

8782
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LAMBSDORFF ON EXPANDING TRADE RELATIONS WITH USSR

Duesseldorf WIRTSCHAFTSWOCHE in German 18 Sep 81 pp 17-18

[Interview: "Do Not Talk About Lost Momentum"]

[Text] Federal Minister for Economics Otto Graf Lambsdorff is betting on new major Moscow projects for German-Soviet trade. In his interview with WIRTSCHAFTSWOCHE he warns the USSR of the consequences of an intervention in Poland.

[Question] German-Soviet trade relations have lost momentum since the middle 1970's. Will trade continue limping along during the next few years, too?

[Answer] I do not believe that we can truly talk about limping along and lost momentum. Between 1971 and 1975 the volume of our economic relations amounted to DM 30 billion; between 1976 and 1980 it rose to DM 63 billion. Admittedly, in making allowance for price increases, actual growth is not very big. It would be desirable to see a greater rate of growth in trade with the USSR and the East in general.

[Question] What opportunities do you perceive for German enterprises to sell more to the USSR?

[Answer] Mainly in large scale projects. Mainly in the areas of energy, metallurgy and chemistry.

[Question] You mean energy above and beyond the forthcoming natural gas deal?

[Answer] Yes, beyond that deal.

[Question] In this connection, are you thinking about coal liquefaction?

[Answer] The Soviets are extremely interested in coal liquefaction. That is why there will be intensive discussions about coal liquefaction during the deliberations of the German-Soviet economic commission.

[Question] But the Americans are still trying to prevent the natural gas deal or to make it immaterial by making attractive alternative offers....

[Answer] I cannot see any possible offers of the magnitude of the natural gas offer being negotiated by German firms. Certainly, we are most interested in talks with the Americans about coal deliveries and about further development of nuclear energy use. But natural gas--that is what we really need. And America cannot furnish that.

[Question] Has an American delegation already asked to be heard?

[Answer] No, not to date. Besides, the United States is of course aware of the fact that it has itself considerably expanded its own economic relations with the USSR during the last few months. If you look at the figures, you will note that in comparison with German-Soviet trade this year's rate of increase in American-Soviet trade is many times larger....

[Question] ....an increase of 65 percent during the first quarter. How credible is a policy which seeks to impose restriction upon allies while at the same time pursuing unhindered trade itself?

[Answer] This is not a question of credibility. It is in any case credible to the extent that it represents a position which basically provides for free international trade and basically free trade relations between East and West as well.

[Question] If I were to try to dissuade an ally from concluding a pipeline deal and sell pipe myself, there is hardly any consistency.

[Answer] This is indeed reason enough to pose some questions and we will certainly do just that.

[Question] Ever since Afghanistan, for more than 1-and-1/2 years, the United States has been pushing for expanding the Cocom List--the Western embargo list against the East. Until now, the Europeans have objected to this....

[Answer] That is a simple statement, which is however accurate.

[Question] And the delaying tactics?

[Answer] I disagree with that also. On the contrary, in several discussions with the United States I have stated the following: We are anxious to arrive at the speediest and most concrete settlement possible on this Cocom problem. It is not our fault that there has been a change of administrations in the United States and that this requires new concepts to be worked out. Now the discussions have started, and now is the time for substantive positions to be established. And there are of course differences of opinion. As you know, the Americans have previously stated that any deal in excess of $100 million is subject to Cocom. We did not consider this a rational approach. A rational approach must take security policy into consideration. If I want to sell heads of cabbage worth 100 million, that certainly is not subject to Cocom.

[Question] Just when will German exporters know what they may sell to the USSR in the future?

[Answer] I cannot give you a firm date today to which you could hold me.

[Question] Could an expansion of the embargo list be a blow to German-Soviet trade, especially in the area of technology transfer?

[Answer] No; I believe the word blow would be an exaggeration. But that there is a possibility of restrictions in some areas and that restrictions must be expected is common knowledge and this should surprise no one.

[Question] What is your prognosis of the extent of the political risks caused by developments in Poland upon German-Soviet trade?

[Answer] All of us hope that the Poles will continue to be able to regulate and develop their internal affairs by themselves and without extraneous intervention. Should this not be the case,i.e., if there were to be a Soviet intervention in Poland, then economic cooperation between the West and the USSR would be significantly impaired. There can be no doubt about that. The Soviets know this as well as we do.

[Question] Would this entail a unified Western boycott?

[Answer] I am not talking about a boycott. There are of course preparations and thoughts as to the reaction called for by such a situation.

[Question] Trade would not remain at the present level?

[Answer] I am firmly convinced that there would be losses, restrictions and difficulties. This would be unavoidable in such an eventuality.

9273
CSO: 3103/13

MINISTER SIGNORILE INTERVIEWED ON PLANS FOR SOUTH

Rome L'EXPRESSO in Italian 20 Sep 81 pp 161-163

[Interview with Claudio Signorile by S.G., date and location not given]

[Text] Southern Problem/Signorile Speaks

The Southern Development Fund is closing, but is reopening as a public agency, property of the state. It will be called the Agency for Reequilibrium and Development; it will last for 10 years and have at its disposition 5,000 billion lire per year. Its objectives are:

[Signorile] Rome. "This opportunity will not be repeated: such a massive concentration of financial resources for the South, as is now taking place, will not be repeated. We are truly witnessing an historic occasion." Claudio Signorile, minister for the first time but just for "his" South finds his way with robust enthusiasm in the complex meanderings of the financing and the laws for the South.

"So, naturally," he adds, "one must take advantage of the opportunity. The more so because the outlays for the South do not come from transfers nor is it intended to cover indebtedness: they are real investments."

[Question] And also because the situation is explosive, with social and economic collapse...

[Signoreli] "Yes and no. It is complex and contradictory. It is not a matter of endemic underdevelopment, but of uneven development with pockets of historic underdevelopment. Naples is the highest point in this confusion: it is not New Delhi or Bombay, but rather Caracas or Abidjan. The South can be divided into at least four different categories. The metropolitan areas such as Naples and Palermo, with a degenerate development, with incomes that are even high, but with widespread illness and delinquency; and here a third of the southern population lives. Then there are the zones with only a limited variation from the national average, such as Puglia, with 23 percent of the south. Then there are the zones which have a "noteworthy variation," such as Ragusa or Caltanissetta in Sicily, with 20 percent of the southerners, and those with "strong variation," such as Calabria, the 24 percent we need to make 100."

[Question] "Nothing optimistic, then?"

[Signoreli] Just take one revealing fact: in Italy, for every one hundred old-age pensions there are 120 invalidity pensions; in the south, for every one hundred old-age pensions there are twice as many invalidity pensions: two hundred forty. One cannot be optimistic."

[Question] But it is possible to seize the "historic opportunity"...

[Signoreli] "Historic not only for the financing that will be made available, but also because within the next two years all the irrigation projects will be completed that have been under way for many lustrums [5-year periods] and this will profoundly modify vast zones of territory: agriculture..."

[Question] No more monuments in the desert?

[Signoreli] New large industries in the south are not planned in the Montedison plan, nor in the Fiat plan, nor in the ones for state participation enterprises. Today the cards to play are different: as a matter of fact even the historic industrialized areas in the country, in the north, are in difficulty."

[Question] And what cards does Minister Signorile have?

[Signoreli] "There is agriculture, it should be emphasized, and to a very great extent; tourism; and then skipping the traditional phase of industrialization which did not and can not take place, and coming directly to investments in high value-added industries, there is the electronics industry; then, the port system, which provides veritable economic funnels for the hinterland, and includes Naples, Gioia Tauro, Taranto, Brindisi; the complex effort in metropolitan areas; the consolidation of what both public and private enterprise have accomplished; and a very extensive program of vocational training."

[Question] There is much financing for the "historic opportunity. But just how much, exactly?

[Signoreli] One cannot strike a total now. But suffice it to think of the 8,000 billion from the earthquake law, of the monthly spending capacity of the Southern Development Fund, which has reached 400 billion. And the 10,000 billion of the anti-inflation fund, almost one-half of which is intended for the south. That is a great deal, but it is still not enough; I am thinking above all of foreign loans, without which I would not be so optimistic. There is a definite willingness on the part of the European Economic Community--in fact in a few days I am going to the EIB [European Investment Bank] to sign a loan for 250 billion--but above all there is a renewed interest on the part of the United States and Canada in investments in the south."

[Question] There is financing, if all these figures do not remain on paper. But the instrumentalities, the operative instrument, the Fund, closes 30 September. Will it be extended again?

[Signoreli] "Yes, but for very little time--four to six months. And in my opinion the extension decree should include the forms and procedures for liquidating it."

[Question] Then what will there be after the Fund?

[Signoreli] "The 'Agency for Requilibrium and Development'. That is quite a name and it was not selected by chance. In the first place it will be a public enterprise, property of the state. It will have a series of agencies under its authority, finalized, and in time (based on the usual model of the Tennessee Valley Authority of the United States) like the one for mechanization. Its task will be to be a support structure for the state and above all for the region, who themselves will do the planning: two separate functions, and so there will not be that overlapping between Fund and region which had created serious difficulties in recent times."

[Question] How long will this new extraordinary intervention for the South last?

[Signoreli] "The extraordinary investment program will last for 10 years."

[Question] And what funds will the Agency have at its disposal?

[Signoreli] "I forecast an outlay of 5,000 billion per year."

[Question] The Fund is thus transformed into an agency. It changes, but in part it remains the same, since it absorbs personnel and structures of the Fund of today. But today's Fund has many problems: inefficiency and corruption. Let us not forget that the court investigation of the "golden dikes" is still going on...

[Signoreli] "Inefficiency often arises from outside rather than from within the Fund. As for corruption, it is the result of the cumbersomeness of the procedures. When there is a chance to take advantage of one's position, I do not believe there is an honest man. Corruption is combatted by simplification and clarity of procedures, with their maximum self-operating quality."

[Question] By reducing arbitrary action by the bureaucracy?

[Signoreli] "Of course. It is enough to establish time limits for the authorizations that may be granted or denied: it is enough to establish a time limit beyond which, if a bureaucrat has not said no, with explanations, to a proposal, then it is an automatic yes. That is enough to cut off one of the greatest instruments for extorsion: the bureaucracy's absolute control over time."

[Question] And so the Agency will start grinding out its 5,000 billion lire per year, in four or six months. But what will be the purpose?

[Signoreli] Above all, special projects, and no more showers of interventions, and they will be largely delegated to the Regions. In fact, the danger to avoid is carrying out a thousand little interventions, useful ones but unable to change the south radically, and this would render vain what I consider an opportunity that will not be repeated."

[Question] So special projects, then, but what kind?

[Signoreli] "A 10-year program has certainly not yet been carried out. But there are a few good examples of the direction that ought to be followed. For example, at Naples, aside from the intervention because of the earthquake, there is the project for purification of the Gulf, which should be reviewed and reinvigorated; at Palermo there is the intervention in the center of the city which should be finished by the Agency with the Region and Italstat; then there is the port of Cagliari; the Gioia Tauro port which should be the terminus for the Tyrrhenian range to bring Central European products arriving by rail, for example, toward Africa and the Middle East; there should be a great strengthening of the southern railroad system; and perhaps even the bridge of Messina: I favor doing so, it is useful and there are no insurmountable financial problems. It is already being discussed at Brussels. There you have, thus, a few great projects: if they are achieved, together with all the interventions to which I was previously referring, will they not be able to change the South's aspect?"

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PSI'S 10-POINT ANTI-INFLATION PROPOSAL

Rome AVANTI! in Italian 23 Sep 81 p 3

[Text] The main problem for the socialists is employment. But we must not ignore the fact that this problem is particularly acute for the youth, the women and the South. And particularly in the South for these two categories, but also for some of the workers employed by companies in difficulty.

The "pact against inflation" is, in our opinion, directed toward this objective, which involves a resumption of investment and specific policies aimed at safeguarding against unemployment along the lines stipulated in "the socialist proposal." In our opinion, it is very important that there be a fund of 10 trillion lire in the "act against inflation" which will serve essentially to relaunch investment.

The "Third Way": An Emergency From the West

The Italian economy does not deserve to be considered catastrophic, as it has been characterized for years (and is still so characterized) by an analysis of excessive criticisms, by those interested in building up such a negative image that it justifies not so much reformism but rather an undifferentiated and congealing "national solidarity," preparatory to an "emergence" of the Western system known as the "third way."

We should also say that, in such gloomy analyses, two different deformations are superimposed. That of the individual who tends to exaggerate for instrumental reasons; and that of the person who wants everything and right away, even if he is not sure what.

And it is imagined--with provincial vision--that others already have "everything and right away." Never being content can be a stimulus to progress which is fed by a critical attitude. And it has been that way in Italy even in past years. But excessive criticism leads to lack of proper reflection when taking corrective measures. It makes one look too much on high, thus losing one's sense of values and swinging like a pendulum from euphoria to pessimism. The contention that we "are special" is not true, and not acceptable; we are no special, for we share th eproblems and possibilities of economically and socially advanced Western industrialized countries with the difference of a few minuses in the area of efficiency in the public apparatus and territorial equilibriums but also a few pluses in the area of vitality in the small and medium business sector and decentralized energies, even in the South; ther is no truth to the epithets of "inert reality" or "brink of collapse" which some like to proclaim and publicize.

Thus, we are getting down to facts and current problems. The kinds of problems to be considered with the tons and decisiveness already mentioned are those which involve "worrisome" figures, which we shall examine along with remedies already adopted or to be adopted requiring clear ideas as well as a pragmatic approach.

1. Last year's price increases--brought about by the rise in the price of oil, by various automatic features of the system and by the impetus of a growing public debt--reached 20 percent at a certain point, and it looked as though it would reach 25 percent. The increase in the value of the dollar--by one-third in 6 months--could thus bring us to a "point of no return," further aggravated by a drop in the parity of the lira in the EMS [European Monetary System].

A notable indexation was obtained with interventions adopted in the monetary policy and fiscal cash policy; and with interventions on the psychological front (which is not to be ignored) through commitments made in connection with public spending, through the atmosphere of the "pact against inflation" and through self-control in the production and consumption of basic foodstuffs.

The latest figures, those of September in Milan and Turin, show increases equal to or less than 1 percent. Last year the increase during the critical period of the return from vacation was 2.1 percent and in 1979, 2.5 percent. Thus, some progress was made. The 16 percent inflation "ceiling" is now accessible and credible, since the tendential rate of inflation (that is, the rate without further interventions) is about 18 percent. We must know how to influence the results. Each one has his own responsibilities. It is useless to consolidate the psychological atmosphere of deceleration and recovery from inflation. The next few months, per se, are reasonably favorable. But we are helped by a decline in the value of the dollar against EEC currency values (which, however, has its ups and downs in keeping with the forecasts we have repeatedly published in AVANTI! within the past few months). We are also aided by the reflexive trend in the dollar prices of oil and other raw materials. Nevertheless, these are precisely the months which best lend themselves to the preparation of intelligent measures for automatic wage and tax mechanisms. These will be able to show beneficial effects when the world price situation begins to improve and when, for our economy, we shall see a possibility for somewhat sustained growth. Of two figures relative to the question of quarterly automatic wage increases, only 49.4 of the last 14 points went into the pay envelope; the remainder was absorbed in indirect or deferred costs and in taxes and welfare contributions. Taxes and contributions have taken a third of these points. Naturally, this is an average; for workers receiving greater income the percentage was 40 or more. We want to escape this paradox which is costing our economy so much and benefiting our workers so little; or is this subject considered taboo since someone has so decided?

How to Curb the Public Spending Debt

2. At the beginning of the year and figured on an annual basis, the public debt exceeded 12 percent of the GNP (estimated at 410 to 420 trillion lire). Action to limit this debt from a spending aspect, therefore, has three priorities: Current expenditures, expenditures for capital which does not produce income or is antiproductive, and expenditues for capital which directly produces real income (including production facilities and lodgings) or indirectly and multiplicatively (including expenditures for transportation, streets now congested, technological progress and public utility services for the part not financeable through tariffs).

Two methods are possible to curb expenditures: That of cuts pure and simple and that of reducing the state's commitment, automatic or semiautomatic, to the transfer of funds to autonomous payment centers and, as much as possible, providing them with autonomous drawing funds commensurate with their expenditures. Our philosophy leads us to prefer the second method, since it places the responsibility for health service on the regions, local organizations presidential organizations with particular emphasis on self-management inasmuch as it strengthens decentralized autonomous options; after all, that is a self-management principle in the broad sense, for it bestows privileges on the national concept of efficiency and productivity compared with the repressive and apodictic principle of austerity.

1. With regard to health service, the regions would be given the task of establishing tickets for use between certain simple parameters at the top and the (few) simple cases of exemption for the remainder, not resulting from savings.

2. Local organizations would have an autonomous tributary source of income for their various expenditures (the precise form is not determiniative, although we think there is justification for the reformulation of the taxation of real property, tenuous but generalized).

3. The third worrisome figure is that of the balance of payments debt at the present time which --as is known--for a country like Italy which does not have international monetary power nor any gold mine, determines the trustworthiness of the indebtedness abroad when it comes to getting capital for investments--an indebtedness which we maintain with the same simple logic as that of a plant which goes into debt, not being sure of a profit and not losing sight of its cash solvency, offered to offset the current cash reserves.

But it is useless to hide the fact that the current balance of payments has become worse, not only for these reasons (deeds of the Milan court and the like, to speak clearly, putting the pepper on the aristocratic wound). It has become worse because we have lost competitiveness with the automatic wage increases, plus the deferred cost of general and private contracts, plus absenteeism and strikes by public service groups (consider tourism, for example), plus lack of courage in laying off a large number of public and private managers, plus the snobbishness of the Italians who prefer the foreign product. (At UNITA's celebration in Turin there was an elegant photo of Enrico Berlinguer entering a Renault), almost as though it were illustrating that even in this we are proud to be "different" compared to all others who--with similar convictions--prefer their own national product.

a) Some balances of payments of countries with a strong capability of creating open current balances have recovered from the "oil shock" of 1979, termed the second shock and considered greater than the first, even though foreseeable and with appropriate measures for a minor increase in real wages as well as profits and real income relative to productivity.

"With us the theory is quite different." It was not a question of inventing the metaphysics of austerity but only that of explaining the problem of a "real adjustment of 1.5 percent less." Or one can pretend not to pay by endless discussion and the invention of historic agreements and a diversity of methods.

b) In face of the "shock" of the increased oil prices we were symmetrically weak: ENEL [National Electric Power Agency] did not have an automatic pricing system; but therewere the automatic wage and pension increases and other automatic arrangements which placed the burden of increased gasoline and diesel fuel prices on the comany's costs and income. Thus, we had a vicious circle of increases which reduced the competitiveness of the costs and produced debts which swelled the inflation of the demand.

c) In our economic system there is a capacity for working in the "intermediate zone": Small and medium businesses, products--even from large firms--which are only moderately advanced, such as the automobile, and electronics for the office and home. It is high time that we look for "imaginary virtures" rather than seeking thingswe know how to make and for which "our virtues" suffice.

Ten Points of a Recovery Plan

And now it is time to summarize and reach conclusions. I should like to do so by using, not 10 commandments, but pragmatically "10 exhortations."

1. Let us keep our feet on the ground. If we save a little more (not much) and work with a little more attention and harmony (not too much) and give a little more room to economic incentive which --humanly--is directly related to econmic work, the Italian plant will make room for many so-called "miracles," for it is sound and the will to work is shared by the majority.

2. Let us, therefo , distinguish the poor, the disabled for family or physical reasons, and the extremely serious social crises (a concept to be treated very cautiously, given the rhetoric which broadens everything) from the cases whose fate is in our hands, if we take the trouble to deal with them and there is a minimum of public attention; there was once a motto which said, "He who does for himself, does for three."

Welfare is not free; we all pay for it; 120 million workers and retirees pay for it with taxes, contributions and inflation.

3. Let us give public administrators, politicians and bureaucrats their responsibilities and professional opportunities: All are good for financing a cultural August (with contests, commemorations); a literary-musical September; a group of nurseries with butter and jelly and selected social workers; the state pays with the transfer of "overall funds" which--from year to year--increase in accordance with a preestablished rate; but who pays for these privileges and advantages? And how can there be coherent decisions when the power to spend is decentralized and that of receiving income is vertically centralized?

4. Beginning and proceeding gradually, let us block the infernal machine through which "every new expenditure--if we want to break it down in this manner--is greater than its corresponding allocation." First of all, two concepts do not lead to the principle that, since fiscal pressure on us is very low, it can be increased. But there are other welfare contributions. Moreover, the rates are high and badly distributed. Pedone has described this concept well with the terms "evaders and the ill-treated." With regard to who pays, the workers are foremost; but also many companies; the pressure is great. First, let us try to restrict spending in relation to the GNP; and then let us try to obtain more income while maintaining the same outlay, concentrating on evasions and exemptions. Certainly, a few add up to many; many small tax deductions result in great loss of revenue.

5. Let us give the public administration and bureaucracy of the treasury and interior departments, the public employee, whether plain-clothes or in uniform, pride in "serving the state;" evaluating this personnel, let us seek department heads within the organization, not outside; let us provide them with lodgings when they must work away from headquarters; let us listen to what they want; let us avoid shirking of duty.

6. Let us again find pride in being Italian, even in the purchase of goods and services: It is not true that sweaters with a foreign brand name are "better;" often we make them ourselves and they are given a foreign label. It is not true that we do not know how to manufacture a television set in Italy. It is true that to sell such a set our manufacturers must put a foreign brand name on it. It is not true that foreign cheese is better, or foreign beer; they are only foreign.

7. Let us debunk certain myths which have taken root on the subject of unions. Unjustified absenteeism is not growing, for it saddles the one who is present with the work of the absentee. In Japan absenteeism is very low, because there is a group spirit and the worker is ashamed of the colleague who is absent. But whether or not the arrangement is paternalistic and in keeping with oriental culture, the Japanese worker at various levels "participates" in the running of the plant, in its decisions. Therefore, let us follow the principle of greater participation, the canon of "protagonism" of Giorgio Benvenuto, and let us remember that the first lesson in labor and company policy is that of accounting, not sociology or macro-economy.

8. Let us clearly establish our national priorities, which are--in our opinion--three: Energy, technological progress and the home. And let us concentrate on the resources and, also, the sacrifices. We arenot preaching a general line of sacrifices; nor are we even preaching (to tell the truth); but some sacrifice must be made to improve the future inour interest, sacrifices which are also ecological and urbanistic.

9. Public services cost money and must be paid for; if they are not paid for with tariffs and appropriate taxes (of which the so-called tickets are a subspecies), they are paid for with public subsidies. But the company which does not "administer its own balance sheet" or fill its positions from within or handle its own income but accepts direction from abroad is deprived of responsibility and motivation.

10. An active labor policy must be an integral part of the economic policy. The problem of unemployment must be confronted, not only stimulating productive investments in industry and services through a policy of programed supply, but also the problem of inflexibility in the labor market, which is now evidenced by massive unemployment (especially in the South), by excessive labor demand in certain areas (with resultant phenomena in immigration and irregular work) and by an abundance of underemployment in large companies. Hence, the need to establish a labor agency, managed on the regional level, which: a) Gradually takes over the principal functions of guiding and programming the labor market; principally, the hiring and training; b) provides for the hiring of unemployed youth in public utility programs in agreement with the central government and regions; and c) arranges for greater flexibility in the labor market, providing unemployed workers with temporary jobs and requalifying them from the standpoint of skill.

Our economy is very slow, even though the highly negative official production indicators, through the imperfection of the system, almost certainly undervalue the production of the "emerging" economy. Stagnation is the "price" we are paying for stabilization, for lack of anything better. The demand for jobs by workers and good productivity by companies is fundamental for our social and economic future. The broad world of small and medium business cannot live very long in a state of stagnation.

We are particularly concerned by the fact that jobs are available; and here we have the problem of the south. Therefore, as rational socialists, let us remember the above recommendations, if we do not wish to deceive ourselves or deceive others. If not, we shall not be in a position to stimulate investment. Applause too easily obtained is paid for by the workers themselves.

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PROGRESSIVES, RADICAL LIBERALS HOLD ANNUAL CONGRESSES

Glistrup Views Cooperation Prospects

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 6

/Article by "Cb:" "Glistrup Says 'Better a Social Democratic Government Than a Liberal-Conservative One'"/

/Text/ Mogens Glistrup, the leader of the Progressive Party, prefers a purely Social Democratic minority government to a Liberal-Conservative one without the Progressive Party. That is what Mogens Glistrup has told BERLINGSKE TIDENDE. At its national congress in Herning yesterday, the Progressive Party once again offered to participate in a coalition government with the Liberal Party and the Conservative People's Party, and his party thinks that that is the only available alternative to a Social Democratic government.

But if the Liberals and Conservatives persist in rejecting the Progressive Party, those two parties will scarcely be able to form a government with Mogens Glistrup's support. "Naturally, we will look at the actual situation after the next election, but our experience has shown that a government of Liberals and Conservatives alone will result in bigger foreign indebtedness and a larger amount of unemployment," Mogens Glistrup said. "We want to benefit Denmark with our mandates, and not the opposite. What Poul Schluter did two weeks ago, and Henning Christophersen will do a week from now, is to take out a life insurance policy on Anker Jorgensen's government." In saying that, Glistrup was alluding to the fact that the Conservative provincial council refused to cooperate with the Progressive Party two weeks ago, and that the Liberal Party will hold its national congress a week from now. The Progressive Party's latest offer to cooperate with the Liberals and the Conservatives was not dictated by any great amount of sympathy for the two bourgeois parties.

The Progressive Party's national chairman, Major V.A. Jakobsen, of Aalborg, in his request for cooperation, called the Conservative national chairman, Poul Schluter, "an exhausted old man," and the party's group chairman, Uffe Thorndahl, said that the Progressive Party must face the Liberals and Conservatives with great skepticism. "But we feel such a sense of responsibility to the country that we are willing to enter into negotiations with the Liberals and the Conservatives with a view to forming a coalition government as quickly as possible," Uffe Throndahl said.

The national congress approved, by acclamation, a draft resolution calling upon the party's leadership to invite the Liberals and Conservatives to participate in a program of nonsocialist cooperation. It was proposed by Hans Christian Hojsgaard.

Progressives' Chairman Attacks Jorgensen

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 6

/Text/ The Progressive Party, which often has been accused of consisting exclusively of self-seeking people, now is turning against the Social Democratic Party with the same accusation. Uffe Thorndahl, the chairman of the party's Folketing group, directed violent attacks at Prime Minister Anker Jorgensen and the Social Democratic Party yesterday. "It is extremely tragic that, in a period in Denmark's history when we have very big problems, although they are chiefly of our own making, we have the poorest prime minister Denmark has ever had since 1849," Uffe Thorndahl said at the Progressive Party's national congress in Herning yesterday. "Where broad qualities of leadership, political perception and vision are concerned, Anker Jorgensen is completely lacking in the qualifications which a prime minister should have as a matter of course. He is the only real populist we have had in Denmark, and it is a tragic thing for our country that Anker Jorgensen, with his facile political platitudes, can continue to trick the voters into closing ranks behind the Social Democratic Party."

The Progressive Party's group chairman characterized the hard core of the Social Democratic Party as a collection of the most extreme groups of self-seeking individuals we have ever had in Denmark. He believes that the Social Democratic Party has two groups of superself-seeking people. The larger of the two consists of the people who do not want to work--at any rate, not very hard--and want to play their way through life at society's and their fellow-citizens' expense. For that group--and it includes many hundreds of thousands--the Social Democratic Party is the natural and inevitable choice. There is also the large group of ultraself-seeking individuals which, with a very shoddy and crude program of deception, has fought against the Progressive Party, which has demanded respect for the hard and fatiguing work effort that millions of Danes put forth every day.

In Uffe Throndahl's opinion, the second group of self-seeking individuals in the Social Democratic Party consists of the group to which the Social Democratic leaders also belong: that is, the many people who have discovered that it pays to be a Social Democrat. They are the many individuals who, by following the little red needle, obtain the well-paid positions in the government and the very special advantages which the Social Democratic Mafia secures for its members.

"We are seeing a great many appointments to leading positions in the government where it is obvious that the most important qualification and condition for being appointed is for the individual to be a member of the Social Democratic Party," the group chairman went on to say.

"We are seeing a great many fundamental violations of ordinary concepts of decency and justice--underscoring in a pronounced manner the fact that equality before the law does not exist in Denmark," he said.

Progressives' Chairman Defends Record

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 6

[Article by "cb:" "I Have Pursued a Firm Line"]

[Text] The Progressive Party's national chairman, Major V.A. Jakobsen, of Aalborg, who was elected last year to succeed the controversial A. Roland Petersen, was honored yesterday at the party's national congress in Herning for the fact that the Progressive Party, at its ninth national congress, at long last appears to be in the process of becoming a functioning unit. The former major, who has a history as an organizer of UN forces in the Congo, says, himself, that he has simply pursued a firm line and followed his nose. Therefore, the party's biggest sensation, organizationally, at this national congress is the fact that the stage has not been set for any big post mortem regarding statutes or personal scraps and accusations of undemocratic conduct.

Still, the party would not be completely itself without attacks on its leadership. Thus, the large western district delivered a protest against interference by the party's executive committee in the election of the constituency's leaders.

Radicals To Seek East-Bloc Parties Contacts

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 7

[Article by Johannes Bundgaard: "Contacts Small Parties in Eastern Countries"]

[Text] The Radical Liberals have established contact with small noncommunist parties in Bulgaria and East Germany and with the administration in Rumania. The party hopes to build up more and more contacts with parties and organizations in eastern Europe to bring about a dialogue between the smaller countries in the East and the West.

It was the Radical Liberal's national chairman, Thorkild Moller, who spoke of East-West contacts in his report to the party's national congress in Aalborg.

"We have a contact in the Agrarian Party in Bulgaria. This was set up some time ago by the former Minister of Agriculture, Karl Skytte," Thorkild Moller told BERLINGSKE SONDAG. "In the GDR, we now have contact with the Farmers' Party, and in Rumania we have contact with the chief of state, whom Niels Helveg Petersen, the chairman of our Folketing group, and I are to visit this year," he said. "It is the basic nature of these contacts that both parties express themselves entirely freely, so that we have a reasonable basis for assessing each other and learning from each other. We hope and trust that this can be a contribution to a dialogue concerning the reduction of tension in the world," he said.

The national chairman of the Radical Liberals stated, with regret, in his report that the party is seriously short of funds and that extensive attempts to increase the membership had only brought scattered results. He was satisfied with the party's political achievements but warned against uncritical cooperation with the Social Democratic Party, which has an "inexact and variable line" in critical political areas.

Radical Liberals Hit Defense Compromise

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 81 p 7

/Article by "lk:" "A Wrong Signal at the Wrong Time"/

/Text/ "If, against the background of the defense program compromise, the government alters its present policy in regard to support of Danish defense from abroad, it will have serious consequences for the Radical Liberals' relations with the Social Democratic Party." That is how Niels Helveg Petersen, the party's Folketing group chairman, emphasized his dissatisfaction with the compromise the Social Democratic Party has entered into with the Liberal Party, the Conservative People's Party, the Center Democrats and the Christian People's Party yesterday at the Radical Liberals' national congress in Aalborg.

"The worst thing about the defense program compromise is the fact that it is the wrong signal at the wrong time. We are going to be included among those who are on the wrong side in the debate which is going on in Europe," said Niels Helveg Petersen in his political speech.

"Militarily speaking, it is unimportant whether we spend 300 or 400 million kroner more or less here in Denmark, but it is not immaterial politically whether we increase our expenditures for defense or stop making expenditures," he continued. And Niels Helveg Petersen stated emphatically that the parties to the defense program compromise must come up with compensation for expenditures made under the compromise if the economic compromise with the Radical Liberals is to hold up.

The defense agreement unfortunately opens up the possibility of an alteration, in principle, of our policy in regard to support of Danish defense from abroad," the Radical Liberals group chairman said, and called for adherence to what the Social Democrats and the Radical Liberals have agreed on up to now--namely, that nuclear weapons and foreign troops should not be permitted on Danish soil.

"What is dangerous today is the lie which says, 'weapons provide security, more weapons provide more security, the neutron bomb provides security and the SS-20 provides security.' We are incessantly being bombarded with the lie that says 'war is peace,'" Niels Helveg Petersen said.

Thorkild Moller, the national chairman of the Radical Liberals, in his speech, deplored the fact that the Social Democratic critics of the defense program compromise had not been able to carry on an ideological debate with their party's leaders recently at the Social Democratic national congress.

"From now on, all that will remain of the Social Democratic peace policy will be Inge Fischer Moller's motion regarding prohibiting the sale of warlike toys, and nothing more. That establishes the standard," he said.

Paper Comments On Radicals' Overtures to SDP

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 81 p 10

/Editorial: "Radical Admission"/

/Text/ The Radical Liberal's national congress was noteworthy because of the analysis Niels Helveg Petersen provided of the political situation. He stated bluntly that the majority of the parties to the compromise is too small and that they are not able to pursue the necessary policy. That is exactly what everybody except the parties to the compromise has been saying for many months. The Prime Minister has been so pleased with his cooperation with the small parties, and the Radical Liberals, the Center Democrats and the Christian People's Party have been delighted over and over again at being able to announce a compromise which is supposed to be able to get the better of the current crisis. But now, a few months after the most recent compromise, cooperation is on the point of breaking up because an admission of not being equal to the task is on the point of being recognized as describing the situation most accurately.

Helveg Petersen's admission has led him to the perception that the Prime Minister must enter into negotiations with other people with regard to a broader program of cooperation on economic policy. He wants both the Liberal Party and the Conservative People's Party to be drawn into a partnership, and it is his hope that such a partnership could hold up for the two years of the present electoral period which still remain. Specifically, he does not want an election, and he does not regard the Liberal Party or the Conservatives as an alternative.

Helveg Petersen is turning back the hands of the clock. After the election in 1979, it was obviously clear that the voters wanted cooperation among the four old parties. It was those parties around which the voters rallied, and the election can be regarded as a challenge to them to get together in facing up to the serious situation in which the country finds itself. But Anker Jorgensen wanted to disregard that. He wants to shift for himself, and he formed his minority government in the expectation that he could find someone to support him. His effort was successful, for he got the three small parties to come to an agreement on long-term solutions. That was unfortunate because the majority had to be so flimsy, and it was also unfortunate because what they were able to agree on, from one compromise to another, turned out to be insufficient. Anker Jorgensen's critical mistake consisted of rejecting cooperation, at that time, with the parties which historically have brought the nation through so much. And the Radicals and others who were so delighted over the compromise bear a considerable part of the responsibility for this.

Can that cooperation be established in the fall? Can the relative strength of the individual parties in the Folketing be altered completely during the electoral period? It does not seem very probable that it will be possible to do that. Two years ago, Anker Jorgensen came through an election which had strengthened him. Now he can look back to a period which has weakened his government and his party. His chances of bringing about a broader program of cooperation have become much smaller. Helveg Petersen's statements indicate that the parties to the compromise are crumbling away. They also give notice that the government will not be able to pull itself through two years from now.

9266
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SCHMIDT, BRANDT AT ODDS OVER PEACE MOVEMENT

Hamburg DER SPIEGEL in German 5 Oct 81 pp 17-19,21

[Unattributed article: "'You Two Don't Own the SPD, You Know'"]

[Text] Open war has broken out between Helmut Schmidt and Willy Brandt. The chancellor is accusing the party chairman of supporting the government only outwardly, while actually creating a mood that is anti-coalition and anti-chancellor. Schmidt is getting support from the party's right wing — and from Herbert Wehner.

Helmut Schmidt passed himself off to readers of the BILD-ZEITUNG as a great liberal.

In an interview, the chancellor appeared to be "deeply" angry over the CDU/CSU's demand that SPD members be forbidden to take part in the Bonn peace demonstration on 10 October: "To want to suppress free expression of opinion by young people is an absurd communist or fascist idea."

But SPD Chairman Willy Brandt has in his possession a confidential letter which belies the government chief's tolerant words.

On 16 September 1981, Schmidt had written a 4½-page letter to the head of the party. In this letter the chancellor draws a direct line from the Berlin riots during the visit by U.S. Secretary of State Alexander Haig to the most recent terrorist attacks and on to the rally on 10 October at the Hofgarden in Bonn, a gathering at which SPD Presidium member Erhard Eppler intends to speak against the NATO missile modernization decision. Schmidt wrote that all this was "anti-American incitement," and that leading Social Democrats were partially responsible.

At the end of the epistle the government head gave his party chairman to understand that he really did not consider membership in the SPD compatible with participation in the Bonn demonstration — that "challenge to the government's policy."

Said the chancellor: "I'm writing you this letter with the urgent request that you call on Erhard Eppler to stay away from the organizers and to keep his name from being associated with [the demonstration]. This should apply to other Social Democrats as well. I leave open the question of what other action the presidium and party executive committee need to take. In any event, it is my opinion that the

presidium must decide to recommend that all Social Democrats stay away from this rally."

Willy interpreted the message correctly: The letter was also a challenge addressed to him. For Brandt had made no bones about his sympathy with the Bonn peace demonstrators: "We do not intend to isolate ourselves from that which declares itself a peace movement."

To postpone the showdown with Schmidt, the chairman canceled for the time being the presidium session scheduled for 21 September. And he did not accede to Erhard Eppler's request that he distribute copies of the chancellor's letter to all presidium members prior to their meeting last Monday. On the day after the election disaster in Lower Saxony — the SPD sagged from 44.9 percent down to a poor 36.9 percent in the communal elections — the party chairman thought it wiser not to bother his comrades with the chancellor's letter on the subject of peace and the demonstration.

So there was no mention of the October rally in the communique. But Brandt had managed to gain some breathing room only for a short time.

On the fringes of a coalition discussion 2 days later — Brandt was not there — parliamentary group leader Herbert Wehner spoke frankly: "The chairman of the SPD is unable and unwilling to get tough with Eppler."

Open war has broken out at the top among Social Democrats. FDP Chairman Hans-Dietrich Genscher's wish that the liberals not be the cause of the collapse of the Bonn coalition government could soon come true.

Without regard for the prestige of the party, the three men at the top are hacking away at one another. The anger and the spoiling for a fight that have built up are now venting themselves in open dispute.

"Chancellors come and go, but the party chairman stays," chant Brandt's associates; and the head of the SPD is acting accordingly. For him, the party's survival interests take precedence over Helmut Schmidt's chancellorship.

Since the leader of the government amassed only a disappointing 42.9 percent for the SPD in the last Bundestag election — despite the ideal opponent, Franz Josef Strauss — the chairman has begun "to look beyond Schmidt to the future of the party" (says a Brandt confidant).

Brandt knows that many SPD functionaries agree with him — people like the state chairmen from Schleswig-Holstein and the Saarland, Guenther Jansen and Oskar Lafontaine, who view the Bonn government's policies as the cause of the party's decline at the state and community levels.

Hugo Brandt, the SPD's chairman-designate in the Rhineland-Palatinate, has this to say about the situation: "Anyone who wants to mobilize the party today has to mobilize it against the government."

Willy Brandt sees himself called upon to save his SPD from a "biological threat" (Brandt). He says the party must not leave the protest movements to the younger generation; it must remain open to supporters of the peace movement, to Alternatives and Greens.

Hugo Brandt says that the party head is "between a rock and a hard place" in this situation. Obligated to be loyal to the government on the one hand, on the other he can win credibility among the new target groups only if he goes against the government in the areas of peace policy, protection of the environment and energy policy.

His antagonist, Helmut Schmidt, perceives that his era is coming to an end. Many Social Democrats have the feeling that the wheeler-dealer of old has lost the reins of power to Hans-Dietrich Genscher, the secret chancellor — in domestic policy as well as security policy.

Schmidt realizes that he is no longer an overpowering figure, that his governing skills are presently being spent on administrative matters.

At a rather late date, he is recognizing that it was a mistake not to clear his government policy with the party, and that it was an error never to have concerned himself intensively with the party's program. Schmidt now sees the danger that his critics within the SPD will shake the foundations of the government. "The chancellor feels that the rug is being pulled out from under him," says one of his advisers.

Schmidt sees as the guilty parties not primarily his declared political opponents — people like Eppler, Lafontaine and Jansen. He believes Willy Brandt is responsible for the fact that his critics were able to become a serious threat at all — the Willy Brandt who he believes is loyal to the government only outwardly, while in reality he goes around making ambiguous remarks aimed at creating a mood that is anti-coalition and anti-chancellor.

Last week Schmidt saw his chance to move against the party chairman. And the right-wing foot soldiers and Inner-German Relations Minister Egon Franke had only waited for a word from the government head before pouncing on Brandt. An honest-to-goodness crisis staff met with Bundestag Vice-President Annemarie Renger on Monday just before the meeting of the parliamentary group's executive committee. The participants were Egon Franke, State Foreign Affairs Minister Peter Corterier, deputy parliamentary group chairman Karl Liedtke and Deputies Peter Reuschenbach and Peter Maenning. The "firemen" (foot-soldier jargon) issued the order to bring Brandt to bay in the executive committee meeting.

Egon Franke released the hounds with a bang, as the foot soldier would do: He said that at the peace demonstration on 10 October, Social Democrats would be making common cause with communists to stir up anti-American sentiments. It was his assumption that any SPD member who makes common cause with communists in this manner would have to be subjected to disciplinary proceedings.

Annemarie Renger concurred: Does the 1971 incompatibility resolution still apply — the one which says that no "actions in concert" are allowed between Social Democrats and communists?

The right-wingers called on the party chairman to make an example of Eppler: If he keeps to his plan to appear as one of the principal speakers at the peace demonstration, he must lose his seat on the party presidium.

Deputies have already formulated a corresponding motion for the next meeting of the executive committee; the only thing that remains is for the demand to be submitted formally.

Annemarie Renger expresses her concern over the consequences of Brandt's course in this way: "If we keep 1,000 people in the party, we'll be keeping 200,000 from voting SPD."

The parliamentary group's executive committee session was so stormy that Brandt remarked afterwards that he had never felt so much hatred directed toward him by his own comrades.

Schmidt himself went into action on Monday evening in the presidium meeting. Having just returned from the Upper Palatinate, the chancellor boasted of his popularity. Everywhere he went, he said, he was respected and held in high esteem. The people, especially "workers and ordinary people," stood behind him without reservation. Only in his own party was the business of governing being made difficult for him.

Sneered Brandt to close associates: A week before his resignation as head of the government in 1974, he too had appeared before packed houses and received their acclaim.

Wehner also lined up against the party chief with a single sentence. "I concur with the chancellor's remarks in every respect," said the parliamentary group leader.

Nevertheless, Schmidt is by no means satisfied with his ally Wehner. He is once again charging the old man with not providing proper leadership for the parliamentary group, because close to 60 deputies — and not only declared leftists — have meanwhile openly declared their support for the peace demonstration. Says Schmidt: "Where is there a word from Herbert Wehner on this?"

Schmidt's tactics are obvious: He is trying to make Brandt out to be the representative of the functionaries while presenting himself as the agent of the party's real base. "Party congresses are not the base," says the chancellor — "in no way. And as far as the party membership is concerned, and as far as the electorate is concerned, I feel that I'm on very solid ground."

On Tuesday in the parliamentary group meeting, Schmidt mobilized sentiments against those with university educations, intellectuals and professional critics: "I talk with workers, thoroughly ordinary people — that's the kind of people my family are. They don't understand the SPD anymore. And don't fool yourselves about the mood of our voters when you listen to how your own functionaries are talking."

And then he had this dig for all those who intend to demonstrate for peace at the Bonn Hofgarden on Saturday: "I'll come down hard on any Social Democrat who publicly acknowledges his fear. It used to be courageous to control one's fear. Today it's considered courageous to confess one's fear."

The Social Democrats have become "unbearably whiny," lamented Annemarie Renger. And Helmut Rohde, head of the influential Working Group for Employee Affairs (AfA), remonstrated with the party chairman, saying that the SPD must "not be open to everything and everyone." He said the dialogue with the protesters has already produced "too much of a tilt."

But this time Brandt, who the day before had been taken by surprise by the vehemence of the attacks, was on his guard. He presented a cool defense of his integration policy, noting that in the 1960's he had not realized until very late that the youth revolt was only a symptom of the changes in society.

He said it was right to open the SPD to the protest generation: "It hasn't caused the party to grow duller or weaker." If the Social Democrats sacrifice the young people in order to avoid dissension with their regular working class voters, the SPD will have no future.

Brandt then made it plain that he was prepared to do battle with Schmidt: "I'll tell you people honestly that you won't change me. This can be changed only if you think the time has come to decide who should be chairman of the Social Democratic Party."

Schmidt, for his part, is seeking to break the power of those functionaries and party princes whom he considers responsible for the SPD's troubles. AfA chief Rohde is to help him in this task.

Some time ago the AfA put together an accounting for the party leaders showing that skilled workers and lower-level salaried employees made up 30 percent of the SPD membership, but only 7.5 percent of the functionaries. In the latter category, well-paid civil servants set the tone with 75 percent.

To correct this imbalance, the AfA is demanding that the approximately 3,000 SPD factory groups be accorded the same rights as the local associations. The factory groups, composed mainly of trade union members and shop stewards, could then elect their own delegates to party congresses and propose motions without having to go via the cumbersome route of the local associations — for Schmidt this would constitute a stable dynasty on whose block votes he could rely at party congresses.

Brandt, however, is absolutely determined not to accept a trade union faction such as this: The SPD must not be permitted to waste away into a "holding company for working groups," says Brandt.

At an SPD conference with 500 executive directors and subdistrict chairmen last weekend, Federal Executive Director Peter Glotz sought to build a bridge: He suggested changes in the party structure that would increase participation by all party members in determining the will of the party. In no event, however, must it come to a splitting of the party's elements into factory groups and local associations.

No matter what the outcome of the struggle between Schmidt and Brandt, the tug-of-war at the top will only hasten the downfall of the SPD as a governing party.

The chancellor is convinced that he alone can hold the regular voters; Brandt believes he has to tie in with the Greens and the youth movement on the fraying leftist fringe. In reality, however, both are doing their best to contribute to the disintegration. Instead of seeking a way out of the crisis together, each one is merely rallying his supporters behind him and setting them against the other side.

A member of the executive committee describes the struggle this way: "Like schoolboys, Brandt and Schmidt point their fingers at each other and shout: He's to blame. Each one says he's keeping the party together, while they're both tearing it apart."

Both of them are bringing on the crisis; then they will say that they are the only ones who can make things better.

Scarcely anyone in the SPD still believes that the estranged leaders will pull themselves together again and agree on a common plan. Says right-wing parliamentary group member Peter Reuschenbach: "That's all over; has been for a long time. The fish's head is where the stink is coming from — and I'm not talking about just one person."

Social Democrats are already saying openly at executive committee sessions that the Schmidt-Brandt-Wehner troika "will soon explode, even before 1984." A short time ago Horst Ehmke stepped in angrily as both the chancellor and the party chief were again threatening to resign: "You won't survive this wrangling. You two don't own the SPD, you know."

Meanwhile, Hans-Dietrich Genscher is an interested observer of the tragedy being enacted at the top levels of the SPD. The supreme tactician is already pondering how the liberals can keep all their options open even after a Helmut Schmidt resignation.

The FDP chairman has already hit upon the alternative with which he can avoid ultimately having to get out of the coalition: Schmidt's pupil, Hans Matthoefer. Says Genscher: "He doesn't indulge in SPD politics, you see."

7458
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PARTIES STEP UP SEARCH FOR PRESIDENTIAL CANDIDATES

CP/SKDL To Run Own Candidate

Helsinki HELSINGIN SANOMAT in Finnish 24 Sep 81 p 9

/Excerpt/ The Communist Party and the Finnish People's Democratic League are jointly putting up their own candidate in the next presidential election. The political committee of the Communist Party, that has emphasized putting up their own candidate, did not yet on Wednesday start to resolve who the candidate would be. It is also left open whether the candidate of the two parties will be a communist or a socialist. The political committee emphasized that apart from having a candidate of their own it is also necessary to have an election campaign of their own distinctive kind. The Communists require that the next president of Finland consider as his main task the realization of the Friendship-Cooperation-Aid Pact and the leading of the active, peace-promoting foreign policies of the country in the spirit of the proved principles of the pact, as well as the promoting of the development of the international collaboration, the continuation of detente, disarmament and the resolving of other urgent global problems.

The political committee of the Finnish People's Democratic League took a stand on the presidential debate and their own candidate, in order to dampen and quiet down all the talk about the leftists setting up a joint candidate, or that the leftists would support some progressive bourgeoisie like Ahti Karjalainen already at a very early point.

Holkeri Picked By Conservative Party

Helsinki HELSINGIN SANOMAT in Finnish 25 Sep p 11

/Text/ The leadership and the inner circles of the Conservative Party have for a long time known who the presidential candidate of the party will be: the Conservative Party is entering the next presidential election with its own candidate, former party chairman, bank president Harri Holkeri.

The matter has naturally not been formally decided on, but Holkeri's candidacy was confirmed as a fact at the meeting that was held in Rovaniemi last December.

On 1-2 December of last year, the Conservative Party's committee for international politics met at the Karhunpesa cabin by Pohtimolampi near Rovaniemi. The committee's seminar that lasted 3 days was officially a normal work meeting with international themes.

A large part of the time was, however, used for the discussion about the next presidential election and the Conservative Party's candidate for this election. All the possible individuals and their characteristics were thoroughly analyzed, and the result of that discussion that Holkeri has no competitors, was undisputably clear to all the participants. He was found to be the most competent and the most suitable individual.

Present at the Karhunpesa meeting were the leader of the international committee, Holkeri himself, his successor, chairman Ilkka Suominen, vice chairman Tapani Morttinen, party secretary Jussi Isotalo, former party secretary, director Veikko Tavastila, deputy Ilkka Kanerva of the so-called repair sector of the party, chairman of the youth association, Unto Hamalainen, and committee secretary Mats Kockberg.

The most important issue of the meeting, that was held during the newspaper strike, has been carefully guarded as a secret, but in the inner circles of the party the word has been carefully spread.

As far as is known, it has also been tactfully made clear to those who might possibly see themselves as the presidential candidate of the Conservative Party, that the candidate of the Conservative Party will be Holkeri. The party leadership has said several times that the Conservative Party will enter the election with its own candidate. In the beginning of last June chairman Suominen stated that no common candidate of the bourgeois front is in sight. In connection to this he drew the outlines of the features of the presidential candidate of the Conservative Party. Among other things he is expected to have the proved characteristics of a leader, moral and national spirit--and among all unconditional ability and willingness to carry the foreign policies of the Paasikivi-Kekkonen line.

Party secretary Isotalo explained the matter in the NYKYPAIVA party organization newspaper, which appeared on Thursday: "Our intention is to win the election. We are entering the election with our own candidate, an able conservative, who is meeting the requirements for a presidential candidate both with regard to foreign policies and domestic policies. I do not believe that a member of the Conservative Party can simply become instigated to vote for the leftists."

The ordinary members of the Conservative Party have an opportunity to discuss the president matter on Wednesday, when the party council is having a meeting in Helsinki. The meeting is a regular fall meeting, and it is not expected that any positions will be taken in the president matter. There will, however, probably be a lot of talking about the issue, in connection with the political discussion.

According to the rules of the Conservative Party, the decision about the presidential candidate should be made by the party congress. An extra party congress can, if necessary, be held within a month.

What Kind of a Man Is Harri Holkeri?

Harri Holkeri is a politician with long perspectives, who has also been a politician to make a living. Only three years ago he got his first employment outside politics. On political grounds he then became a member of the board of directors of the Bank of Finland.

Holkeri started out as the secretary of the youth association of the Conservative Party, and when he left he was the chairman of the party. In between he was, among other things, the party secretary. He was a member of the Riksdag in 1970-1978.

During the eight years when he was the chairman he brought the Conservative Party to the Paasikivi-Kekkonen foreign political line and to support the official foreign policies of the country.

The foreign policy matters have indeed been the only matters that have formally joined Holkeri and the Conservative Party together after his chairmanship was over. He has been the Conservative Party's leader of the committee for international politics.

Harri Holkeri is material for the presidential candidacy in so far that he is a long distance skier.

Holkeri has so far in public denied the presidential candidate speculation by stating that the Bank of Finland has enough strong guards to throw out such beggers.

9662
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LE GARREC SEES NATIONALIZATIONS AS 'VERY BENEFICIAL'

Paris LE NOUVEL ECONOMISTE in French 28 Sep 81 pp 46-47

[Interview with Jean Le Garrec by Claude Baroux, Jacques Barraux and Sylvain Gouz; date and place not given.]

[Text] [Question] Why nationalize before defining industrial strategies?

[Answer] The objectives of our industrial policy are clear: reconquering the domestic market, deployment of advanced technology, freeing industrial initiative, particularly in the small and medium-sized businesses. This is why I feel that the criticism implied in your question rests on a misunderstanding. The government has refused to define sector policies before having prepared the necessary back-up, particularly the extension of the public sector and planning. The same people who criticize the order of priorities selected, is reproaching us for wanting to "nationalize the French economy." This is contradictory at the least. If we had followed their advice, it would have been necessary to rewrite, in the abstract, within the confines of the administration, a whole new group of industrial plans. At the time, it would have been legitimate to accuse us of state control. This is not our idea: The industrial policy must be drafted with the economic participants themselves. The expansion of the public sector will therefore be accompanied by contractually established objectives within the Plan, between the state and public enterprises.

[Question] Will public enterprises be able both to serve as economic tools for the government and to retain their autonomy?

[Answer] Any ideal of incorporating nationalized enterprises into an administrative framework is completely foreign to our concept. Production and administration are two different functions which could not be confused without risk to each. Nationalized companies will therefore not be appendices of the administration, but rather living cells with their own life. They will be, to our mind, the spear head of undustrial redeployment.

This means, specifically, that we will give them the means for the long term planning which benefits the organization. That we will free them of the burdens which until now have rendered them prisoners of short term vision, both financial and industrial.

[Question] Why nationalize the banks? Under the current system of regulation, doesn't the State already actually control credit?

[Answer] Since 1945, the government has indeed had effective means of control. But this control--of a type which is more negative than positive--deals with the overall monetary aggregate and not with the structures and the activity of the banking system. Although it is necessary to adequately control monetary variables, we intend to change the behavior of banks with regard to businesses. It therefore appears essential to us to loosen the hold which the great financial powers have over industry and, to do this, there is no other means than to give the state control of the distribution of credit.

[Question] Won't the State be the determining factor on the boards of directors?

[Answer] First of all, the method we have selected is a transitional one until the implementaion of the social innovation law announced by the prime minister last July. We will therefore be able to correct operational defects that experience will bring out. No legal formula alone will eliminate this risk if there is not a firm desire on the part of all participants to maintain the cap. By giving up the system of state controllers and giving representatives of the wage earners the highest responsibilities, the government intends to play self-management and economic democracy to the hilt.

[Question] At what do you estimte the overall cost of the nationalizations? And why have increased it by preferring 100 percent control to 51 percent?

[Answer] Any industrial act is a gamble. I am convinced that the nationalizations--despite the high cost--are an eminently profitable operation for the French economy. Due to what the new public sector will contribute in terms of foreign market share, investments, economic actvity and, therefore jobs. The imporant thing is not so much the sums involved as the role they will play in industrial revitalization.

As to the decision to nationalize the mother companies, and them alone, 100 percent, it first of all demonstrates our desire for clarity and our refusal to examine the lot of each subsidiary case by case. Finally, it expresses our determination to truly free the companies from financial and banking burdens.

9693
CSO: 3100/11

INDUSTRY LEADERS UNITING TO FACE NATIONALIZATIONS

Paris L'EXPANSION in French 18 Sep 81 pp 63-68

[Article by Alain Murcier]

[Text] The Socialist's rise to power has changed the fish bowl environment in which a million French enterprises swim. Has this water been poisoned? Nationalization of the major banks and private industries has been announced. Is this the beginning of the end for "free" enterprise? Five months after the political double bang which tore asunder skies already blackened by a world economic and monetary crisis, industry leaders are still perplexed. Caught unaware on 10 May, they were expecting the worst: pillage by the Socialist supporters of equal distribution of wealth and property. Instead of this, they were faced with government spokesmen who were quite open and who were restraining, as much as possible, the unrelenting rise in inflation and unemployment; they saw Unionists who were full of composure; there was no "Grenelle" with a knife to their throats.

The astonishment past, the leaders of the CNPF [National Council of French Employers] handed over the orders. The power arising from the ballot boxes is legitimate and it is lasting; it must therefore be tolerated. No empty chairs: let us participate, talk to the unions, limit to the minimum the risks of the deadly legislation produced by the pedants with their heads in the clouds. Thus, management did not demonstrate the stubborn opposition that the workers' organizations had feared: there were negotiations on an increase, to be moderated, in the interoccupational minimum growth wage, to be strictly applied this time, and on work hours, it could not be more reasonable. This is now, at the dawn of the new age, management's tactic: go up the line, mark the adversary, risk your neck on what has become shifting ground, where not long ago the prefects and the judges maintained law and order.

The Tax on Wealth

A tactic does not make a strategy. But how can the CNPF define its own strategy when it does not know what the government's is? The government strategy is not yet "coherent;" it is in fragments: a loose rein to Elf-Aquitaine in the United States--a pretty package of billions!--does this mean, for example, that the new administration is adhering to a world industrial policy, does it mean that "even" public enterprises will be free to operate--and the others all the

more so? On the other hand, does the throttling of the Willot brothers indicate that scapegoats are being sought in private industry, despite what Francois Mitterrand says. In fiscal and social affairs, as in industrial matters, the blow by blow does not make a strategy. Everything is still hazy this fall. Things will be clearer, think industry leaders' strategists, when the increased pressure of unemployment gives the president of the republic no alternative but to indicate from which side he will seek a solution. Either to reduce state control, or to pursue it further. In this regard, the announcement of the tax on wealth which will affect production equipment--counter to promises--caused violent reactions in middle-sized companies with personal capital invested.

The CNPF, however, cannot wait indefinitely for the government to call the tune. It is also pressed for time, if only due to the expiration of Francois Ceyrac's term at the end of the year. It must therefore sketch at least the elements of the strategy that the new president will have to implement. We should know the spirit of this strategy when we learn the name of the candidate to whom the organization's executive council will give the go-ahead to solicit the votes of the general assembly in the second half of December. The candidates preferred by industrial leaders, according to our poll (see above), would be, in order: Jean-Luc Lagardere, a pure entrepreneur; Yvon Chotard, a company man; and Alain Chevalier, who combines dynamism and reflection. Who will be the "official" organization candidate? What type of CNPF, with whom as leaders, intending to do what? These are the questions that the candidates, their electorate and the industrial leaders who have the time and the inclination to concern themselves with anything besides settling their payables, are mulling over. A task so difficult, with money rates at 18 percent, that one is tempted to place the responsibility on one's colleagues.

The industrial leaders are effectively giving way, each on his own, the stronger ones pressuring the weaker ones, to a severe war of payments. Taking discounts from suppliers which have not been discussed with them, carrying over payments with all the best pretexts: computer backlog, delays in quality control, unexpected administrative delays. The crisis has gone so far that Francois Ceyrac and Rene Bernasconi, presidents of the CNPF and the CGPME [General Confederation of Small and Medium-Sized Businesses] respectively, made a solemn joint appeal to businesses at the beginning of the summer in an attempt to check the movement. Action had to be taken for fear that the government would stick its nose into these matters as it had been requested to do by entrepreneurs in desperate straits.

The incident brings close two aspects of the true situation of the industrial leadership in France: the lack of solidarity, even in the face of the Socialist "peril," and the lack of unity. There are at least two groups of leaders in this country, those who put their faith in Rene Bernasconi, and those who support Francois Ceyrac. The first is the so-called "real" group, the one made up of the majority of small and middle-sized firms, generally family companies, poujadiste on the fringes, not eager at all to be linked under national agreements, as was seen recently in the case of work hours. For this group, the CNPF is a type of distant and talkative high council, in the hands of the "big guys," cut off from life and corrupted by the "technocracy;" X or Y president of the CNPF doesn't matter to them either way. The other group, which includes the former, exists only by virtue of public power; as the official spokesman dealing

with the government and the workers' unions, it is, due to the media, the only one which counts to the public because it has at its head the "leader of the leaders."

This formulation is as false as it is suggestive. A leader who respects himself, by definition has no one over him. He does want--in general--to contribute to professional associations which can defend his interests, take over the inevitable contacts with the government, and, if possible, condition the competition; similarly, he belongs to the local interprofessional union, a convenient place to test the waters. But the consolidation of these two categories of authority, vertical and horizontal, associations, general unions, federations, confederations, regional or departmental unions, generally escapes him. With greater reason then, their distillation into the authority which covers the whole group, the CNPF. The typical industry leader only perceives the existence of the CNPF from time to time in an appearance by Francois Ceyrac in a television interview, or in an article in a professional journal. There is no supreme leader who has authority over the other leaders, but only a spokesman for proudly independent, numerous (800 unions, 45 federations, 125 professional associations), disparate (the sales volumes represented range from 1 to 100), obsolete (based on one material or product while diversification is the law of business), and progress-opposing (industry officials--between 5,000 and 7,000--are little inclined to change, and the leaders, so they say, do not have the time to be bothered with it) organizations.

In addition to these shortcomings which the members, who claim to be efficiency experts, have put up with until now, the CNPF has not taken account of the shift in the labor force. It is primarily an industrial organization, while services and trade are making up an ever larger share of the economy. Furthermore, the industrialists, who lay down the law around the president, represent the traditional industries--metal, stone, textile--which are often suffering slowdowns and having trouble getting a return on their contributions.

Will last May's political change afford an opportunity to shake off this inertia? If it does not suffice, nationalizations, which are cutting the private sector off from the largest enterprises, will take things in hand. As for the CNPF, they agree at Avenue-Pierre-Premier-de Serbie that "nationalization is a bleeding of men, capital and power."

Men? At the door, Ambroise Roux (age 60), head of the CGE [General Electric Company]. As first vice president of the CNPF, he weighs heavily in the organization's decisions, whether on modifying statutes, or on economic and social orientations. The same is true of Roger Fauroux (age 54) and Jean Gandois (age 50), heads of Saint-Gobain and Rhone-Poulenc respectively, who have contributed to reviving the business approach to economic questions. It is still only a matter of men who operate on the official level.

Capital? One would perhaps not be deceiving oneself too much in supposing that the nationalizations are depriving the CNPF of one quarter of its regular and hidden assets. How is such a severe tapping of resources compensated for when companies, as time passes, are scratching the bottom of their cash drawers.

Power? Under the "old regime," although benefiting from the support of an already favorable establishment, the CNPF was far from laying down the law.

The broad decisions on industrial policy escaped it, and Valery Giscard d'Estaing's masked hostility increased opportunities for confrontation on social security, the professional tax, profit sharing and reassessment of the balance. Under Giscard, industrial leaders could not slow down the insidious socialization of the national revenue, even though, thanks to Barre, they were able to sketch the beginning of the return of the free spirit with the decontrol of prices.

In any case, the power of an industrial leadership "with a leather hide" is considerably lessened. What it will be largely depends on the government's intentions. Although there is no doubt that the government needs a valid spokesman for industry leadership, in other words one who is fairly independent, this independence could be moderated by the bias of the public enterprises. Although not part of the CNPF, the political administration which controls the professional organizations themselves, will the nationalized companies, on the other hand, remain as members of these organizations. First generation national enterprises such as Renault, Elf-Aquitaine or Snias have been members for a long time, and are sufficiently at ease to contribute, should the opportunity arise, to the powerful Union of Metallurgical and Mining Industries. Although well tolerated in homeopathic doses, will the massive injection of public funds into professional associations be tolerated by both professionals in the area involved and by private enterprise as a whole?

The same question arises on the geographic level: in the departmental and regional unions, the local enterprises generally have less weight than the decentralized plants of large companies. The "big ones," in general, avoid placing themselves in the forefront in local industrial affairs, but the decentralization of political power will change the given equations in this question. For now, the debate on the place of public companies in industry associations remains open.

Nationalizations are diminishing the CNPF. In return, they are furnishing it the opportunity for a recentering, from which it could derive new strength. The mistrust which the CNPF currently inspires in the heads of small and middle-sized companies--or most of them--stems from the belief that the policy conducted through some large federations is the policy of the large established companies. The departure of the largest among them will remove these suspicions and will lead a number of rebels (often healthy enterprises operating in new sectors) to join--and to contribute.

Rid of its "big bad wolfs," who were accused not long ago by Mitterrand as a candidate of strangling the small and medium-sized businesses, the new industrial leadership--and this is something--can present a face more in keeping with a new political membership which is aware that the heads of companies have the essential power to hire. This new manner will not be enough to insure cohesion. In addition, it will be necessary to obtain for the various types of manufacturing, a place corresponding to their economic weight. This is not the case today, as the directing force of the CNPF, its executive committee, only has eight representatives of the services and distribution sector among its 35 members. A situation which is all the more paradoxical, since banking and commerce over the years have siphoned off an increasing share of the wealth created by industry. The disintegration of relations between producers and distributors, between banks and companies, owing to the CNPF's failure to be able

to put a halt to it, has reached a dangerous level. Under the current structures, it is not at all assured that the inter-business commission, created by the initiative of the head of L'Oreal, Francois Dalle, age 62, but entrusted to Yvon Gattaz, age 55, initiator of "human size businesses," will reach a lasting settlement. However, the appearance of a new president of the National Commerce Council in the administrative structure of the CNPF, Jacques Dermagne (age 44), who is determined to bury the hatchet, is likely to settle things.

A Necessary Restoration of Balance

The "new CNPF" will therefore have before it two priority tasks: to recenter itself around small and medium-sized businesses; and to give a more equitable place to the representatives of various economic forces (8 out of the 20 new major private French enterprises are commercial.

But it will also be necessary for the CNPF, within its structure, to reorder the balance of professional organizations and regional organizations in favor of the latter. It is a matter of establishing more direct contacts with enterprises which are inacessible through the vertical channels of the federations, which are generally highly centralized. The industrial leadership organization committed itself to this path three years ago by eliminating the FAR [Federation of Regional Associations] which was shielding the base from the summit, and then by creating a committee for the regions. But the CNPF still counts only four "regionals" among the 35 members of the executive council, and only one among the 8 vice presidents: Michel Maury-Laribiere, age 61, head of a medium-sized and prosperous Poitiers tile and brick manufacturing company. The decentralization policy which the new regime is initiating, requires the CNPF to promote, on its part, its regional redeployment: the counterweights must be in place when the time comes.

This is simple in appearance only. Favoring in principle a project aimed at freeing local and individual initiative, industrial leaders do fear a bit that it may turn into "muddy waters"; as much centralization as before, but with an additional administrative layer and heavier regional and municipal tax burdens. And, for the industrial leadership organizations, an old problem will take on new acuteness: the frontiers with their chambers of commerce and industry, provided with funds, who already "are involved in everything" and have the structures all ready for regionalization. Finally, on the part of federation officials, there is the fear that strong regional unions would "increase the tendency to handle everything on the spot" and that "the projects would no longer go through Paris."

The CNPF, gathered around itself and better balanced professionally and regionally, beginning to be seized by the demon of efficiency, is feeling the need to make substantial improvements in the quality and the tone of the information which it emits and which it receives. Something which doesn't do a lot in opaque structures could, in newly arranged organizations, assure better cohesion of management forces. But for what battle? Either the diminished CNPF becomes--or remains--the national center of private enterprise, "the means of defense for the interest of industrial leaders," as Paul Appell, president of Enterprise and Progress describes it. Or--and this is Yvon Gattaz's hope--"it plays another

role: exhibiting the constraints which, under any regime, are imposed on business, whether it be national or private." To him, "business transcends politics, its problem is to integrate itself within the nation without having to be frozen by specific business legislation, whether capitalist, cooperative or mutualist." That this innovative proposition comes from a leader of a medium-sized establishment who built his own business and is a semi-candidate for the presidency of the CNPF does not in any way imply that it will be approved by a large number of small and medium-sized businesses. Nor by the others, so long as the CNPF has had no aversion to associating the national companies in its plan for instituting economic forecasts, Ipecode, in competition with Insee. The public/private barrier is giving way more quickly in deeds than in spirit.

The "Hawks" and the "Doves"

A setback or an opening? It will no doubt be the attitude of the government and economic events which will determine the industrial leadership's strategy. But the "hawks" of private enterprise and the "doves" of conciliation are in agreement in some areas: defending the freedom to operate of companies--on the social as well as the economic level--, maintaining their world commitment, the decontrol of prices. Both could quite as well agree to rebuild a stronger industry organization, more "scientific" says one leader, more "unionist" says another, more "operational" says a third. Each agrees that the organization will be better accepted by its members when it quickly and accurately supplies them with the services that some data banks procure partially from some federations. Each also agrees that the increase in brain power of the various levels in the organization is needed to support the mobile warfare which turning back the political forces will require. Facing the government with a solid backup of facts, enlightening a Parliament dominated by teachers on the realities of the economy, molding opinion even in villages and, simultaneously, retaining maximum initiative for proposals to labor and management: this is the least of what the renewed industrial leadership can establish as objectives. They still, in the face of the attitude to be adopted by the government, will have to devise a strategy.

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NEW PSI WEEKLY 'DIALOGO NORD SUD'

Rome AVANTI! in Italian 22 Sep 81 p 9

[Text] A new international weekly on politics and economics has come out recently entitled DIALOGO NORD SUD: Comrade Michele Achilli, member of the party's directorate and editor of the publication, has illustrated the purpose of this initiative.

"DIALOGO NORD SUD," Achilli said, "intends to cover an area habitually neglected by the Italian press: Information on the problems of international politics. This indifference, which is often shown toward problems of great importance such as the relationship between industrialized countries and the Third World, now decisive for future world peace, is also due to lack of information."

The publication--20 pages in tabloid form and sold at newspaper stands for 1,000 lire--will devote particular attention to a comparison of viewpoints between Europe and the Third World. To assure timely information and a variety of opinions, there is a network of correspondents and commentators both in European countries and in certain key countries of the Thid World (Brazil, India, Mozambique and Mexico).

Comrade Achilli also emphasized that DIALOGO NORD SUD will devote particular attention to Italian initiatives, to "opportunities missed because of our foreign policy which is suffering from old conditionings, and to the perspectives which are opening up for a new role for Italy both in the political and economic spheres and in the construction of new and more equitable international order."

The first edition of DIALOGO NORD SUD, which is now on the newsstands throughout Italy, devotes considerable space to the Polish crisis: To an interesting commentary by Gianni Baget-Bozzo, a timely reconstruction of the evolution of solidarity by Valerio Ochetto, and a pointed discussion on the subject of self-management by Wlodeck Goldkorn, member of the Committee for Social Self-Management (KOR), must be added two interviews with Giorgio Benevnuto, secretary to the UIL [Italian Union of Labor], and Pierre Carniti, secretary of the CISL [Italian Confederation of Labor Unions], back from the congress of Polish free unionism.

The newspaper is composed of news sections divided into geographical areas: Europe, the Middle East, the Americas, Asia and Africa and a section on the economy. In the economy section--still referring to the publication's first edition--there is a long article by Mohamed Khali, head of the bureau of economic and commercial studies of the Chamber of Commerce of African states associated with the EEC, on Algeria's position in the complex negotiations underway with ENI [National Hydrocarbons Agency] on the supplying of natural gas.

The editorial of DIALOGO NORD SUD's first edition, signed by Comrade Achilli, is devoted to the Middle East; after criticizing the intransigence of the United States, Achilli states: "Here it is revealed that Europe's answer is still more urgent and necessary. Europe's heretofore imaninary initiative, which some believe never existed, must take shape in order not to leave room for the current Stangeloves."

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